

Department for International Development (DFID)
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Evaluation of
Community Led Infrastructure Finance Facility (CLIFF)

INDIA COUNTRY REPORT- 2010



CLIFF- REVIEW OF SMALL OVERSEAS DEVELOPMENT PROJECTS

APPENDIX 2
INDIA - Country Report

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I. Background

1.1. The Project

1. The Community Led Infrastructure Finance Facility (CLIFF), established in 2002, is a financing facility that enables organisations of the urban poor to access greater public, private and civil society sector resources to deliver adequate and sustainable housing and basic services for slum dwellers. This is achieved through supporting innovative practice, influencing policy, demonstrating solutions that work for the poor and the city as a whole.
2. CLIFF was established through funding from the Department for International Development (DFID) and the Swedish International Development Co-operation Agency (SIDA). Until recently, funding was managed through Cities Alliance and the World Bank.
3. CLIFF provides financial support through two types of grants:
 - a. **Capital grants** enable Implementing Partners (IP) to provide loans for project construction and related costs. Capital grants form around 75 percent of IP budgets.
 - b. **Operational grants** cover the costs related to CLIFF implementation, including project preparation, management, documentation and dissemination of lessons to allow learning to be shared widely.

1.2. Implementation Arrangements

4. As the coordinating partner, Homeless International (HI) co-ordinates CLIFF at the international level and carries out appraisal, monitoring, communications and other support for fund management and implementation. It also uses its guarantee fund to secure loans from local banks. All the initiatives supported by Homeless International are implemented by local partner organisations based in the project country.
5. In India, CLIFF is being implemented by four organisations, namely, Society for Promotion of Area Resource Centres (SPARC), SPARC Samudaya Nirman Sahayak (SSNS), National Slum Dwellers Federation (NSDF) and Mahila Milan (MM). SPARC and SSNS are registered organisations while NSDF and MM are non-registered community organisations and are thus not legal entities. Together, they are made up of over 5 lakh (500,000) urban poor households living in 72 cities in 9 states in India¹. The roles of the four organisations are outlined below:
 - **SPARC** designs and develops strategies, raises funds and performs administrative tasks on behalf of its partners;
 - **NSDF** and its sister organisations mobilise and organise slum dwellers around housing and infrastructure issues.
 - **MM** mobilises members for encouraging savings fund for housing and land, manages the funds and works with NSDF in community management and broader policy issues. Within the CLIFF portfolio it has also assumed the larger role of mobilising new communities for promoting community toilet blocks and further in taking up construction works for the same.

Together, SPARC, NSDF and MM constitute the 'Indian Alliance' and the three organisations work closely together to achieve shared goals and objectives.

- **SPARC Sumudaya Nirman Sahayak (SSNS or Nirman)** is the construction arm of SPARC. Founded in the collective activism of the Indian Alliance, it serves as a "Special Purpose Vehicle" with a remit to implement construction related projects that will have a direct, positive impact on the community.
6. Drawing on its experience of implementing construction projects, Nirman aims to impact the relevant policy environment, set precedents and demonstrate best practices and form new partnerships or structure new relationships for future projects.

¹ CLIFF – Annual Review 2009.

II. The Current Evaluation

2.1. Purpose of the Evaluation

7. The purpose of the evaluation is to assess completed and ongoing projects in terms of their efficiency of operation covering but not limited to feasibility, legal aspects, construction methods, personnel procurement, quality control, regulatory compliance and financial controls. The current project evaluation of CLIFF was carried out by TI-UP India Assessment Team (IAT)² in April 2010.

8. Key objectives of the assessment were to:

- a. Review various approaches used in the implementation of construction projects, defined in terms of actors involved and relationships between them;
- b. Examine each stage of the project cycle for each category of project.

9. In addition, the review examined issues of scale and critical mass.

2.2. Methodology

10. **Desk Review:** The IAT undertook extensive review of available secondary data and information comprising project documents, work orders, agreement with contractors, monthly project reports, minutes of project related meetings etc.

11. **Site Visits and Stakeholders' Interaction:** Field visits were conducted during a visit to Mumbai from 21st to 23rd April 2010. These covered a cross section of the Alliance's CLIFF India portfolio, consisting of in-situ and resettlement housing in Mumbai developed under the SRA model, subsidized housing and community toilets. Field visits were made to the Oshiwara II and Milan Nagar housing projects in Mumbai, both of which aim to recover costs through the market based SRA/TDR mechanism and a community toilet project, also in Mumbai. Time constraints did not allow a visit to Pune. Documentation relating to these and other projects, including the 'incremental' housing development projects in Pune and Bhubaneswar was examined in the SPARC office in Mumbai. The team also interacted with local community groups, field workers and members of NSDF and Mahila Milan.

2.3. The Evaluation Report

12. This report presents the findings of the observation, review of contract documents and key informant interviews/focus group discussions with contractors, engineers, architects, home owners, managers, etc, carried out during the course of the field visit. Information subsequently provided by Nirman is also referred to. The report is divided into five sections:

- a. Section I presents background information on CLIFF and implementation arrangements;
- b. Section II outlines the purpose and objectives of this study, and presents the methodology followed for carrying out the study;
- c. Section III presents an assessment of CLIFF India's project portfolio, financing pattern and roles of implementing partners;
- d. Section IV presents project analysis of specific case studies;
- e. Section V and VI presents the critical problems and suggested recommendations respectively; and
- f. Section VII contains the annexes to support the findings and recommendations of the report.

² India Assessment Team consisted of Ashwajit Singh, Kevin Tayler, Dr. Renu Khosla, and Sunil Koul.

III. CLIFF India Assessment

31. Project portfolio

13. CLIFF India's project portfolio with SSNS includes 17 projects; 6 SRA housing projects; 4 government subsidised housing projects, 6 sanitation projects, and the Sunnunduguddu housing project, whose income stream is expected to come mainly for long-term leasing of commercial units and community contributions.

14. On-going projects consist of 6 housing and 2 sanitation projects. Of the 6 housing projects, 5 are implemented in the Mumbai SRA area and make use of the TDR mechanism. For the sixth project, the Pune Incremental Housing Project, subsidy is provided by centre and state in the same proportions as for other Basic Services for Urban Poor (BSUP) projects across nation.

Table No. 1: **Brief profile of current CLIFF projects**

Name	Location	Type	No. of units	Original completion date	Projected completion date 2008
Rajiv Indira Suryodaya	Mumbai, Maharashtra	SRA In-situ housing	219	Dec 2003	Early 2009
Bharat Janata	Mumbai, Maharashtra	SRA In-situ housing	147	Dec 2004	Early 2009
Milan Nagar	Mumbai, Maharashtra	SRA Relocation housing	327	June 2004	Early 2009
Oshiwara (Phase 2)	Mumbai, Maharashtra	SRA Relocation and In-situ housing	2480	Sep 2006	Mid 2010
Jollyboard	Mumbai, Maharashtra	SRA Relocation housing	101	Feb 2006	Late 2008
Pune Incremental Housing (BSUP)	Pune	In-situ housing			
MSDP (Phase II)	Mumbai, Maharashtra	Community sanitation blocks	3000 ³	Sep 2008	Nov 2009

15. Table 1 shows significant delays in all ongoing projects, apart from the fairly recent Pune Incremental Housing Project. The information in the last two columns, drawn from the 2008 evaluation show that these delays are continuing, with projected completion dates being pushed backwards as it becomes clear that progress is slower than expected.

16. The 2008 evaluation recorded a number of reasons for delays, including late construction permissions and the need to challenge the Coastal Regulation Zone (CRZ) policy in the case of Rajiv Indira, a shortage of transit tenements in Bharat Janata, delays in relocating residents in Milan Nagar and initial site access problems in Jollyboard. The crucial question now is why delays continue.

3.2. Financing pattern

17. **CLIFF Capital Funds.** CLIFF funding for SSNS Nirman is estimated to be £5.85million, out of which major share of 53 percent (£3.11 million) is allocated for SRA housing projects followed by 28 percent (£1.66 million) for sanitation projects and 18 percent (£1.05 million) for other housing projects.

³ This has been substantially downscaled during the course of the project. Information on actual number is awaited from Nirman.

18. **Bank Loans.** CLIFF-supported projects had been able to access line of credits from various commercial banks, which has been possible due to personal relationships and efforts of Nirman on a case-to-case basis.⁴ However, since the date of last review, no fresh bank loans have been forthcoming. The key question here is whether banks are reluctant to give further loans because of project delays or Nirman has refocused its efforts away from leveraging bank loans. We were unable to answer this question in the course of the evaluation.

19. **Pre financing from contractors.** In the Oshiwara I, Oshiwara II and Jollyboard SRA projects, contractors have invested their own funds in the early stages of construction. Nirman suggested that the amount invested may account for up to 15-20 percent of total construction costs. The contractor thus shares the risks associated with delays in income to the project, thus reducing the required amount of financing and associated interest costs. While this has theoretical benefits in that it helps to reduce delays resulting from delays in payment, it is likely to come at a cost as contractors raise prices to reflect the risk that they are taking.

20. **Government Subsidies.** The provision of subsidies from government to the CLIFF project portfolio is another major source of cost recovery. The recent example is of Pune Incremental Housing, for which subsidies (90 percent of total funds required) are provided under JNNURM. Earlier government-subsidized projects have been completed and have not suffered from the long delays associated with the SRA projects.

21. **Financial Assessment of CLIFF portfolio.** CLIFF project portfolio's estimated surplus is £7.98m, based on the estimated income of £46.53m and estimated expenditure of £38.55m⁵. Estimated income from sales⁶ (61 percent) and government contracts and subsidies (37 percent), together account for 98 percent. On the expenditure side, construction and related costs account for huge share of 95 percent of total cost of project portfolio.

IV. Project Analysis of Case Studies

22. The following case studies capture the direct and indirect achievements of CLIFF initiatives in impacting planning and design of low-cost housing, community involvement in the construction management process, and reposing policies for the safety and security in the construction sites.

4.1. SRA Housing: Oshiwara II

23. **Project Background:** Oshiwara II, under SRA, is one of the major projects in CLIFF India portfolio. It is a partnership between Wonderland, the private land owning agency, the MMRDA and SSNS.

24. The project has the potential to achieve a significant surplus available through the sale of TDRs. The total expected surplus is estimated to be £6.22m, based on the estimated income of £17.44m (TDRs constitute 89 percent of total) and estimated expenditure of £11.22m. Significant amounts of TDR funding are still outstanding, (presumably because of failure to complete on time).

25. Funds obtained from Nirman, ICICI Bank and nearly 50% of those obtained from CLIFF are already repaid from the income generated out of sale from the commercial components⁷. The order of repayment followed ensures that firstly bank loans, then SPARC/Nirman funds and lastly CLIFF funds are repaid.

⁴ CIER 2008

⁵ The surplus was estimated to be £11.42m (CIER 2008). Based on the same cost and income constituents as used earlier for estimation, the present estimation of surplus is £9.33m (see Annex. A). Estimates are affected by exchange rate fluctuations.

⁶ Sale of TDRs, residential units and commercial units.

⁷ Oshiwara II Summary Sheet provided by Nirman

26. **Community Involvement:** Most of the people housed in the Oshiwara II scheme will be Project Affected People (PAP) moved from their existing informal settlements that have to be removed to make way for road and rail projects. Discussions with the Construction Team revealed that community interaction before and during construction is limited by the 'new-build' nature of the project and the fact that PAP occupants of the units are selected by MMRDA and only when construction nears completion. SSNS may be involved, if asked, in the resettlement process. There has been some interaction with the people currently occupying the site, who will be housed in one of the eight apartment blocks once these are ready. These interactions have related to the allocation of apartments and the likely timetable for occupation rather than fundamentals of design.

27. **Planning and Design:** For medium and high-rise apartment blocks, planning and design responsibilities are entrusted to professional architects and engineers. These professionals are required to work closely with communities and their representatives in preparing their plans and designs. In most cases, basic parameters have already been defined by the concerned agency (such as the SRA for Oshiwara), which normally also specifies the maximum amount to be spent per housing unit although contractors are free to implement innovations within this ceiling. SSNS has managed to include features such as separate bathing and toilet areas, and wider corridors within the specified amount per unit. .

28. Building designs for Oshiwara II are broadly in accordance with the guidelines provided by the local governments/agencies, with some design modifications. In the Oshiwara II site, shelves or storage spaces have not been provided in the building design some of which, it was felt could have been added at relatively low cost. The same is true for Bhubaneswar and Pune Incremental Housing, which are required to comply with standards and standard housing types laid down by Government. Community interactions can generally produce ideas from the user community on design inputs. Even as SSNS seems contractually bound to build as per design, they could push the technology envelope further through their community. Indeed, some SSNS innovations, such as the provision of wider corridors, have already been taken up by the SRA.

29. It appears that most innovations have been initiated by SSNS rather than the engineer and architects that it employs. It was suggested that most professionals do not want to work in social housing projects and lack the basic attitudes required to enter into dialogue and work with communities. There are, however, professionals who have attempted to engage with the housing needs of low-income housing. For instance, the world-renowned Mumbai architect Charles Correa has produced designs for low income housing units, complying with MMRDA requirements⁸. Interestingly, Correa's approach is to try to minimise the length of corridor and to ensure that all units have at least two external walls in order to increase cross-ventilation. It is possible that interaction with such professionals might be beneficial for both SSNS and CLIFF.

30. **Contracting:** The Agreement with MMRDA for the development of Oshiwara II identifies M/s Wonderland as the 'Developer' and SSNS as the 'Sub Developer'. SSNS has further contracted the construction to various 'experienced' contractors. SSNS has signed an agreement with M/s ABC corporation to sell the construction TDR as would be sanctioned by SRA.

31. The standard contract documentation includes:

- An agreement, setting out the scope of the works to be carried out and the price to be paid for that work, signed on behalf of Nirman and the Contracting company;
- A schedule of payment, stating the percentage of the total contracted amount to be paid at given stages in the construction of the building – completion of foundations, construction to first floor level etc;
- Conditions of Contract;

⁸ See http://www.architectureweek.com/2000/1018/news_2-1.html. The design is for transit housing for the Maharashtra Housing Development Board but the basic design parameters are similar to those required by MMRDA

- 'Brief Specifications';
- 'Detailed Specifications; and
- Architectural and reinforced drawings with indicative details.

32. Contracts are advertised on the notice boards of the Mahila Milan offices and through direct contacts with community members. There is no general advertisement in newspapers, as is required for government contracts. This limits competition as the information about these works and information goes only through word of mouth. There is no competitive tendering system and contractors are chosen mainly on the basis of their willingness to work in slums and their ability to fund the start-up of work without advance payments.

33. There are five main contractors for the first eight buildings in the development. These contractors are selected on the basis of previous work for SSNS or the Alliance and their willingness to provide up-front finance to get work started. Each contractor is responsible for one or more buildings. The main contractor subcontracts finishing work, plastering, painting, doors and windows etc, to women who are members of Mahila Milan members. The normal practice appears to be to have one sub-contractor with one contractor (or one building) so the sub-contracts can be quite large. There is no clause in the contract, binding the contractor to give the sub contract to a Mahila Milan member and it was not clear whether there is any written sub-contract. Rather, everything is done in 'good faith'.

34. There is a penalty clause for delay in the main contract but it has not been used to date. In order to assign responsibilities for delay and, perhaps more importantly, develop an understanding of the reasons for delays, there should be a hindrance register (register of hindrances causing delays and their causes) at site.

35. Although there is no Escalation clause in the contract, provision has to be made for escalation resulting from increases in the cost of steel, material etc. Adjustments are required on the basis of comparison between the rates prevailing at the time of the contract and prevailing market rates. The Escalation clause should be clearly mentioned in the contract with a base price say of steel on which the estimate has been prepared/contract has been signed. Only then can rates at different times be compared and accurate escalation costs given to the contractor. The cost can also be connected to various indices published by GOI.

36. Given the long delays that have occurred on every contract, there is an argument for using measured contracts rather than lump sum contracts. This will facilitate the calculation of the increased amounts to be paid to the contractor to allow for price escalation. It should also provide a better basis for estimating progress and so assessing any delays resulting from slow progress on the part of the contractor.

37. The site is regularly visited by MMRDA's Project Management Consultants (PMC), who identify defects and point these out to SSNS. However it appeared that no proper records of the actions taken to comply with the requirements of the PMC are available on site.

38. As per the contract, actual measurements have to be taken on site to determine payments, which are generally on an area basis, however no measurement book was seen at the site. Measurement books are routinely used by site engineers in India. It could be argued that their use is not absolutely essential for a lump sum contract but the measurement book should still be useful for keeping a record of progress. Rough estimates of progress floor by floor are made at intervals but it is probable that these would be more effective if they were more detailed.

39. **Community Involvement.** The strength of CLIFF in India is the strong community led approach that is essential to its success but cannot be seen in the conventional project management framework. Involvement of the community is advocated at every level of the project.

40. Community contracts in the reviewed projects were of two types; sub-contracts for construction processes in housing and management contracts. In the former type, community members are sub-contracted by the main contractors, usually for finishing work. In practice

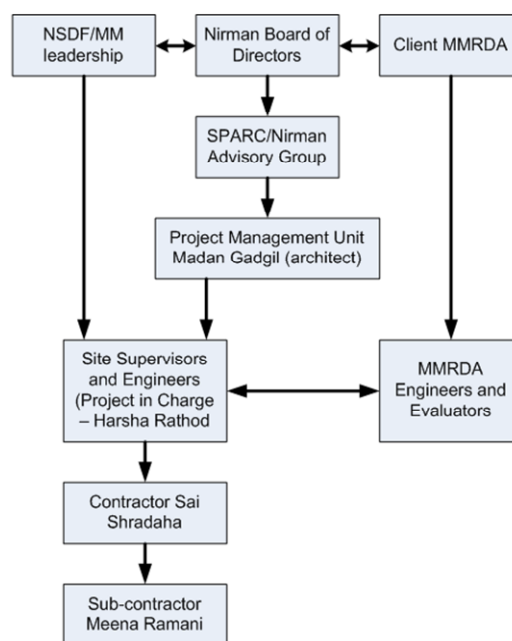
such contracts are under the CLIFF funded projects, though are much smaller in value than the main contracts. Community contractors are assigned sub-contracts for smaller parts of a project. Generally a part of a contract is allocated to a sub-contractor, often to a woman from a Mahila Milan group. The sub-contracts for buildings generally relate to plaster work, fitting doors and windows, paint etc. Such work may constitute 10 to 15 percent of total expenditure, an amount that is quite significant in monetary terms for bigger projects like Oshiwara II. For Oshiwara II, 10 percent of total cost for one contract, which has a value of Rs44 million, would be Rs. 4.40 million (£ 63,000). This figure is not exact but does give an idea of the likely size of sub-contracts.

41. Our interaction with the sub-contractors from the community revealed that there was no formal procedure for selection. The sub-contract was between the main contractor and the sub-contractor. Absence of written records of the sub-contracts with Nirman suggests that sub-contracts may be verbal.

42. Further, it is seen that the sub-contractors may not necessarily come from the community in which the work is undertaken⁹.

43. **Implementation arrangements:** The roles, responsibilities and lines of communication for the Oshiwara contracts are shown diagrammatically in the flowchart on the right. It illustrates the following key points:

- The senior management of NSDF/ Mahila Milan plays a key role in construction oversight. This arrangement reflects the importance that the Indian Alliance gives to ensuring that slum dwellers and their representatives are involved in project decision-making. However, it does suggest that decision-making processes are rather centralised, a point to which we will return later.
- Information provided by Nirman indicates that the Advisers are also closely involved in monitoring the work.
- The role of the architect is to provide drawings and general technical advice on site. He appears to have no role in instructing the contractor.
- The Project-in-Charge is a young female architect and is employed directly by Nirman. Her powers appear to be fairly limited. Because contracts are awarded on a lump sum rather than a measured basis, she would seem to have a more limited role in determining the amount to be paid to the contractor than would be the case with an itemised contract, in which payments are based on quantities measured on site and paid in accordance with rates entered in a bill of quantities. (This is often referred to as a 'measured' contract).
- Dalal Mott MacDonald act as the MMRDA consultants and their role is essentially to ensure quality assurance.



Flowchart showing roles and responsibilities – Oshiwara 2

44. **Delays:** At the time of approval in 2004, Oshiwara II was expected to be completed within 18 months i.e. September 2006. However the latest deadline for completion of first 8 buildings

⁹ For construction of toilet blocks in Pune, the contracts are signed between Government and an individual woman from Pune Mahila Milan. The signatory woman may not necessarily come from the community in which toilet block is to be built.

is May 2010. The site visit indicated that it may not be possible to achieve completion of the first eight buildings by the due date, given the amount of work that still requires completing and the short time to the target completion date. However, Nirman's representatives were confident about meeting the deadline. Overall Oshiwara II is less than half complete with 11 buildings yet to be started. The revised date for completion of the whole project is 2012 but, based on progress to date, there must be considerable doubt as to whether this will be achieved. Many factors have contributed to the delays in completing Oshiwara II. Some of these are listed and briefly discussed below:

- Problems were experienced in reaching agreement with Reliance, the electricity provider, which wanted space for a large sub-station to serve the whole area. This meant that one of the 19 planned buildings would have to be sacrificed. At least 15 meetings were held before this issue could be resolved.
- Delays in MMRDA provision of basic road and utility infrastructure caused a slow down in building construction as Nirman did not want to complete the buildings ahead of essential services in case people then squatted in the apartments
- There were problems with encroachers. It seems that Nirman was quite reluctant to get involved in evicting encroachers or preventing further encroachments, seeing this as something that would undermine their pro-poor ethos. The families also had to be included in the project according to SRA guidelines. Letters from Wonderland on the files, requesting that Nirman take action on this, show that the problem was not resolved for many months.
- The design for Phase II housing had to be reworked when Government changed the minimum apartment carpet area from 20.9 square metres to 25 square metres.
- Nirman believe that it can sometimes be beneficial to slow construction so as to avoid completing work when the TDR market is down. They give the example of Oshiwara I, which could have realised three times the TDR actually obtained if completion had been delayed a year to a time when the TDR market had recovered from its low point at the time of actual completion. Of course, there is an element of speculation in this because presumably no-one can be certain about how the TDR market will move.

45. In addition, it is possible that other factors, for instance a lack of forward planning and weak project management, are contributing to slow progress. There is a requirement in the Conditions of Contract that contractors prepare a work plan at the beginning of the project but no requirement that this workplan be updated to reflect changed circumstances in the course of the project. It seems that SSNS has not carried out any systematic analysis of the reasons for delays and the possibilities for minimising the impact of these delays.

46. A monthly progress report is submitted by the Architectural Firm engaged by SSNS. Unfortunately, this Progress Report lacks any Gantt Chart or other means of assessing the progress of the project. Although the project has been delayed considerably, the monthly progress reports provide no assessment of the reasons for delay and no remedial measures are suggested by the Architect. In earlier reports site photographs had been given in the progress report but that practice too has stopped. Experience elsewhere suggests that delays could be significantly reduced by improved planning and monitoring on the part of contractors and site supervision staff. Even where delays are due to circumstances beyond the control of SSNS and its partners, improved record keeping will help to provide better understanding of the reasons for delays and the options for responding to/dealing with them.

47. **Quality of Construction:** The site visit suggested that the quality of construction¹⁰ is reasonable and there are supervisors on site although it was not possible to say whether they are available in sufficient numbers and are all 'properly' qualified. Although the site Engineer informed that regular site tests are being done but no details of quality control tests was available.

48. **Safety Measures:** No safety equipment was seen on the site. Inspection of correspondence revealed that the issue of site safety had also been raised by Dalal Mott MacDonald, MMRDA's overall quality control consultants. This is an area that would benefit from further investigation and suggestions for improvement, always bearing in mind the ground realities and the need to focus on what is important and possible. The site engineer informed us that there had been a crèche for the children of laborers working there, but has now been discontinued as there are fewer labourers on site.

49. **Legal issues:** The post of legal person has been vacant for one year. In Oshiwara II, legal complications are likely to come up as was seen in the letter from the private land owning agency – M/s Wonderland (Videocon group) regarding the dispute over ownership of TDRs.

4.2. Milan Nagar

50. **Project background:** Milan Nagar provides an example of a proactive approach. The project was initiated as a result of the desire of a group of pavement dwellers to move into permanent housing and the Alliance worked with the pavement dwellers to identify a suitable site and then purchase and develop the site in accordance with SRA procedures.

51. **Progress in construction:** Out of 5 buildings, only one building of around 80 units has been constructed and there has been a delay of at least five years in starting Phase 2, which covers the other four buildings proposed for the scheme. Nirman say that the main reason for this is the difficulty in dealing with the 62 households already living on or close to the site. Milan Nagar was designed to house a total of 436 pavement dweller families. The 62 households are all members of NSDF and it was felt to be unacceptable to remove them from the site without making arrangements for alternative accommodation. Attempts to obtain alternative housing for them failed but agreement has now been reached to house them in the second phase of the project, which can now begin. It is understood that these 62 families will be incorporated in the Milan Nagar development, by building the remaining four buildings to G+7 (ground plus seven) in height.

52. **Community satisfaction:** Community leaders of Milan Nagar indicated that provision of housing had impacted positively on their living standards. Also basic services like schools, water supply, electricity and other physical infrastructure are now been made accessible. They however, complained about distance from livelihoods as the settlement was relatively far off from the original habitation, leading to both additional transportation costs and reduced working hours. This has resulted in significant drop in the income, in particular of women domestic workers and daily wage earners. In addition, the costs of living increased, because now the families had to pay for electricity and water. The maintenance charges (Rs. 400 per month) is still paid by SPARC/SSNS. These disadvantages, despite the fact that community members were actively involved in finding the site, reveal two points:

- Community members may not be able to anticipate all aspects of the decisions that they make regarding new housing.
- Housing interventions, although generally beneficial, are unlikely to avoid some negative impacts.

¹⁰ On 6th February 2006, DMM called for a meeting to address a number of issues with the Oshiwara 2 project, including poor quality of construction, lack of proper qualified supervisors, slow construction progress, poor maintenance of records and poor safety procedures. The files did not record the result of deliberations on these issues.

One issue to be considered here is the extent to which lessons from past projects may be used to help communities to ensure that their future decisions maximise benefits and minimise possible negative impacts.

53. Community participation processes: The participation of community leaders in Milan Nagar Phase I is evident. For Phase II, the participation process will need review. Communities are more involved in post construction phases, taking decisions vis-à-vis lift timings, or timings of water pump operations, etc.

54. Planning and Design: Milan Nagar Phase 1 is designed as split level housing, and although it is intended as G+3 housing, in reality each storey is twice the height of a single storey resulting in the height of building being equivalent to that of seven-storey building. There is no provision of lifts in G+3 buildings.

55. Residents especially those who own flats along the stairways, had set up small provision stores inside the building and also made several improvements in the design on the inside, thus using available space very imaginatively. A study of these changes by residents could provide ideas for improving designs for proposed buildings.

56. Interaction with beneficiaries suggested that given a chance they would like to make some changes in the design /structure of Milan Nagar Phase II, like provision of in-flat toilets, design of windows and staircase (split level units had stairs inside the house leading to the next level). It is observed that toilets in particular, were of concern to women residents due to operation and maintenance issues among users.

57. Toilets are shared between various families and are not inside individual beneficiaries' premises. The community has hired some sweepers for regular cleaning, but when they do not come for cleaning there can be disagreements between community members about the upkeep and operation and maintenance of the toilets. The community are of the view that it is better to have individual toilets rather than shared toilets even if that may lead to less dwelling space.

58. Community sub-contracting: Women leaders indicated a reluctance to take on construction contracts, even though they seemed to be a highly empowered group and with some training could manage the construction work effectively. In particular, past bad experience and monetary losses deterred the community leaders from taking up these tasks. At present, the pool of women acting as community contractors is fairly small and there would arguably be benefits in increasing the number of community contractors/entrepreneurs and exploring ways of making the selection process more transparent and less dependent on decisions made by NSDF/Nirman. The available options require further study as it is not necessarily the case that a pure competitive tendering approach is the best option.

59. Legal Awareness: The residents of Milan Nagar were aware that they could not sell or make modifications to the houses for at least 10 years. Such long-term leases to house owners using a Housing Cooperative Model, is to ensure oversight over early and illegal sales.

4.3 Incremental Housing: Pune and Bhubaneswar

60. Background. Pune incremental housing is a subsidy based project linked to centre and state subsidies under JNNURM-BSUP. Beneficiaries are expected to pay 12% of the cost of housing, 10% in the case of SC/ST/BC/OBC/PH and other weaker section groups. The term incremental refers to incremental development of the site as a whole, with complete houses being replaced by new houses, rather than incremental development of individual houses involving replacement of elements such as walls and roofs.

61. The total estimated available funding and project expenditure equate to about £2.585 million and £2.578 million respectively, in theory providing a small surplus of about £6,000. In terms of cost recovery, some 90 percent is expected to come from JNNRUM subsidies, with the rest from families.

62. Project Identification. Feasibility studies provide a strong basis for efficient project management. For Pune BSUP project, the detailed project feasibility report is not available. In

practice, it seems that the basic parameters have been set by Government with standard designs costing at Rs. 3 lakh per unit, including basic infrastructure.

63. **Planning and Design** The basic parameters for the 'incremental' upgrading projects in Pune (as in Bhubaneswar) were defined by Government engineers, who produced standard designs for a number of redevelopment options (single and double storey, single occupancy and shared occupancy), together with a bill of quantities for each design. For Netaji Nagar, the first site to be incrementally upgraded, SSNS has prepared site plans showing the location of existing plots and the proposed new block arrangements. Given that community members have been unwilling to give up land to allow more rational layouts to be developed, it is probable that most standard designs will need some modification to fit actual site conditions. Such modifications will be made on site in consultation between contractors and beneficiaries with advice and guidance from SSNS.

64. **Contracting.** The BSUP projects in Pune have been assigned to a number of NGOs, including SSNS. The original contract conditions, viewed at the SPARC office in Mumbai, said that selected contractor organizations could not sub-contract work but SSNS/SPARC has successfully lobbied for this condition to be waived for sub-contractors drawn from the community. The intention is that women from Mahila Milan will act as contractors. No information is available for Pune but the plan for the similar scheme in Bhubaneswar is for work to be contracted in packages of 150 to 300 units, with total values in the range Rs 45 – 90 million (£650,000 to £1.3 million). If such contracts are being awarded to single contractors, the size of contract seems larger than may be advisable for one 'community contractor'. Also, questions must also be asked about the wisdom and propriety of offering such large contracts to individual contractors without some form of formal prequalification and selection.

65. In the case of Pune, contractors deviated from the designs and specifications of the housing units due to pressure from the elected representative. SSNS tried to address this issue by agreeing that designs are subject to modifications as per site conditions and proposed that if modification were needed then its engineer would mediate between contractors and architects for resolution. In this project, the contractors with support from community leaders, continued to deviate from designs, making the supervisory role a challenging task. This situation resulted in the delay in the commencement of work due to uncertain terms for other houses or clusters.

66. **Finance** For government subsidized housing, Nirman see the role of CLIFF finance as bridging the funding gap at the beginning of the project, allowing community entrepreneurs to engage in initiatives that could otherwise only be implemented by conventional contractors with sufficient funds to finance work ahead of payment. Nirman claim that its projects are making better progress than those of other NGOs because of the availability of CLIFF funding.

4.4. Community Toilet

67. A Community Toilet, built under CLIFF at Kamla Raman Nagar, behind the Fish Market at Baiganwadi Govandi, was visited.

68. **Background.** The toilet is named Ekta Hind Shauchalaya and was commissioned on 12th Nov 2002. The Toilet was constructed after demolishing an existing toilet of 24 Seats. The present Toilet has 30 Seats (15 females and 15 males). One of the main reasons for demolishing the earlier toilet was the reluctance of people from Muslim communities to use it as the seat was facing towards west.

69. **Planning and design.** Discussion on site and with Nirman revealed that consultations were held while planning the layout of the new toilet block. Inspection suggested that maintenance of the toilet was good and that its condition was hygienic. The toilet is connected to a septic tank and the septic tank is emptied by Municipal Corporation, once in every four months. However, the vicinity/surroundings of the toilet are very unhygienic. The drain adjoining the toilet is filled with garbage.

70. **Implementation arrangements.** A monthly contribution of Rs 50 is charged from the people who use through the family card system. There are 325 registered families who are

using this toilet. According to the caretaker about 1,000 non registered users also use the toilet on a daily basis paying Rps 1 for each use. The first floor of the toilet has the caretaker's room which is well maintained.

71. **Contracting:** Management contracts for toilets have been awarded to community leaders following an entrepreneurship business model. Community toilets with user costs are commercially viable enterprises and there is a danger that the benefits to be derived from such enterprises will accrue to a few rather than being shared amongst all community members. It will be useful to explore what can be done to reduce this danger. One option might be to set up a community monitoring/oversight system to ensure that toilet managers are providing a good service at a fair price. It may also be worthwhile to explore the ways in which resources generated by toilet businesses can be reinvested in the toilets or other community development activities.

4.5 Discussion

Types of project SSNS categorizes projects in terms of the funding mechanisms used, distinguishing between the following types of project:

- Market-based projects (SRA/TDR, sale-component)
- Subsidy-based projects
- Cooperative/group projects
- Individual projects

72. It suggests that identification procedures for market-based and subsidy-based projects involve a mix of proactive and reactive measures. Group and individual projects always involve a proactive approach. Further notes on the different types of project and the approach taken to them are given below:

73. **Market-based projects** Milan Nagar provides an example of a proactive approach. The project was initiated as a result of the desire of a group of pavement dwellers to move into permanent housing and the Alliance worked with the pavement dwellers to identify a suitable site and then purchase and develop the site in accordance with SRA procedures.

74. However only around 80 dwelling units have been constructed and no further progress has been made for the last 5 Years.

75. The procedures followed for Oshiwara I and II appear to have been more reactive. Both are Project Affected People (PAP) projects, intended to house people moved from their existing locations to make way for new infrastructure (typically road and rail) projects. SPARC/SSNS were approached by the land owners, Adarsit Industrial Estates (Oshiwara I) and Wonderland Estates (Oshiwara II), to act as developers of the land. So, the initiatives are essentially reactions to the MMRDA policy relating to Project Affected People and approaches by land owners looking for development partners with experience in providing housing for such people.

76. **Subsidy-based projects** The SSNS response to subsidy-based projects is reactive in the sense that projects are made possible by the existence of subsidies and are normally initiated by a request for expressions of interest by a government department. They are proactive in the sense that SSNS has been active encouraging State governments to use available funds more effectively. So, for instance, the 'incremental' approach to housing recently adopted in Orissa was influenced by interaction between the State authorities and Indian Alliance members, who used the approach already being followed in Pune to illustrate the potential advantages of the approach.

77. **Involvement of communities and individual households** The sanitation-block projects are driven by subsidies in the sense that they are financed through Government and World-Bank funded programmes. However, they also have community characteristics. SSNS say that sanitation block locations are identified by community members and they are then constructed

by 'community contractors' (perhaps community entrepreneurs is a better term) and operated by community groups.

78. Some of the other programmes that are driven by government subsidies also require financial and other inputs by communities and individual households. Individual households respond proactively in so far as they decide to engage with the project and pay their portion of the funding. They may also be proactively involved in determining layouts, particularly in 'incremental' housing projects. However, in so far as these programmes are initiated by Government and other external agencies and involve subsidy, they cannot be classed as purely proactive.

79. We could find few examples of purely proactive community and individual projects. The Solapur project was proactive in that it explored the use of subsidies derived from a cess for bidis to be used for housing bidi workers but it is debatable whether it could be classified as a community or individual project.

V. Key Issues

80. The performance and effectiveness of CLIFF in India is forward looking and in many ways ground-breaking, involving the mobilisation of thousands of people around issues of land and housing and strengthening them with savings, skills, and information. This has enabled the Alliance to take advantage of CLIFF for actually delivering housing and infrastructure in precedent-setting ways, with slum dwellers taking centre stage in producing proposals, undertaking construction and managing the operation and maintenance. As such it has led to an approach which can be said to be both opportunistic as well as strategic in defending the space provided through policy for the poor. Much of this achievement seems to be taken for granted and under-represented in the reporting. A case in point is community contracting and sub-contracting to women community members, which has generated significant skills, employment and ownership of projects, but is mentioned just in passing.

81. For longevity and sustainability, CLIFF should look at the following areas which require substantial strengthening in the next phase to attract outside funding (i) project development and management capacities, (ii) financial management and procurement administration; (iii) capital structuring of projects and fund management, (iv) institutionalising linkages with the commercial and public sector, (v) creating more-than-arms-length distance between the country coordinator (SPARC) and the contractor (Nirman) and (vii) explore options of upscaling the facility through larger geographic area and engagement of more NGOs/community groups. With regard to the last, there is arguably a need to reduce the size of 'community' contracts in order to encourage wider participation by community entrepreneurs.

5.1. Weak Project Management

82. Deficiencies in overall project management are reflected mainly in delays in completion, ineffective M&E, absence of effective supervision, and others. One option for improving project management would be to bring in project management consultants consisting of experts from all arenas like project management, procurement, finance, social etc. Besides the core team, there could be a support team for efficient functioning of the project. This might not fit with the community-focused ethos of the CLIFF-supported projects and even if acceptable in theory, there might be problems in recruiting professionals with a suitably pro-community focus. Overall, it appears to be a rather top heavy response to the problem. A more promising approach will be to try to strengthen the procedures within existing systems, by for instance employing a qualified Project Manager within SSNS with strong project-related powers and developing better ways of recording delays and assessing their causes. If the CLIFF objective of moving to scale is to be achieved, there is certainly a need to institutionalise improved management systems and devolve responsibilities within Nirman.

83. One specific point to be addressed is the need to develop a strong Nirman that is functionally as well as theoretically separate from SPARC and NSDF. At present, the main decision makers in Nirman are senior members of the other organisations. It is hard to see how

Nirman can undertake a scaled up role until it has more autonomy. Indian Alliance members argue that the primary role of Nirman and its associated organisations should be to pilot new approaches and this is one option for the future. However, if the CLIFF aim is to scale up, this option will mean that Nirman's role in future CLIFF projects will be limited.

5.2 Delays in recovery of expected surplus

84. The total expected surplus of the CLIFF India portfolio has reduced by £2.10 million since the time of the CLIFF evaluation in 2008, from £11.42 million¹¹ to £9.33 million, although some of this is due to exchange rate fluctuations (see Annex 2). However, if all components of income and expenditure are taken into account, then the total expected surplus is reduced to £7.98 million (see Annex 3). Despite the positive picture portrayed by the analysis, the actual recovery of surplus is a tough task. The delays resulting in the realization of TDRs and sale of units hinders the process of accrual of expected surplus. In case of Oshiwara II, the dispute over ownership rights of TDRs between Wonderland (lane owners) and Nirman (the developer), caused delay in payments to Wonderland, and halted the recovery from sale of TDRs.

5.3 Basis for Selection of Projects

85. SRA projects are financially sustainable due to the large sums available from the sale of TDR and/or units. For such projects, the main role of relatively small amounts of CLIFF funding has been to provide bridge funding until the funding from TDRs becomes available. If such market based projects get pre-finance from developers then the initial seed capital from CLIFF funding may not be required. Regardless of this, there must be some doubt as to whether CLIFF funds are best used for apartment-block developments on 'green field' sites, which have limited scope for beneficiary involvement and can hardly be described as community-led.

86. The BSUP projects all over India are funded by centre and state governments. Across all states, their successful implementation is evident without any other source of financing,. The total cost of Pune incremental is just Rs.22.50 crore, very small in relation to the total BSUP portfolio of Rs.327 billion being spent all across the nation in different states. It would seem that the main objective here should be to demonstrate how BSUP funds can be spent more effectively while maximising community involvement. The issue is perhaps whether such subsidised initiatives really need CLIFF funding, although subsidies are paid retrospectively and funds are needed to bridge the initial gap.

87. The history of CLIFF projects in India suggests that changes in focus have occurred in response to opportunities and that this is not necessarily a bad thing. However, there is a danger that in responding to immediate circumstances, the overall focus is lost. There is a case for going back to basics and asking exactly what CLIFF funding is intended to achieve and whether changes are needed to ensure that desired objectives are achieved.

5.4 Limited focus on Planning, Design and Technology Innovation

88. For medium and high-rise apartment blocks, planning and design responsibilities are entrusted to professional architects and engineers as required. However, it is essential that these professionals work closely with communities and their representatives while preparing their plans and designs. In many cases, the basic parameters have already been defined by MMRDA, which normally also specifies the amount to be spent per housing unit.

89. For community sanitation blocks, basic parameters were defined by the authorities, whereas detailed planning and design were undertaken directly by SSNS. The site visit revealed that while the sanitation block itself was well managed and in good condition, the situation in the surrounding area left something to be desired. The options for engaging with the municipal authorities, who should be responsible for the maintenance of surrounding areas, or otherwise dealing with this problem could usefully be explored.

¹¹ CIER 2008

5.5. Roles of Implementing Partners and Corporate Structure

90. There is no clear demarcation in the roles of the two main implementing partners, SPARC and SSNS. Moreover, their current professional/corporate structure appears to be inadequate to deal with the large projects that are now being undertaken. The implementation of bigger projects like Oshiwara II arguably requires a 'deeper' corporate structure with a wider spread of powers. The rather centralised decision-making structures were probably needed in the early stages of development but there is now a need to provide clear space between the Alliance and SSNS and to provide SSNS with its own professional management team. Only when this has been done will it be able to achieve the scaling up envisaged for the CLIFF project.

5.6. Informal selection of community contractor/architects

91. Current processes for the selection of community contractors are essentially informal. In the case of walk-up apartments, individual women from Mahila Milan are sub-contracted directly by main contractors, apparently without any formal documentation. In the case of community toilets and incremental housing developments, contracts between Nirman and the MM women contractors are covered by a signed agreement but there does not appear to be much additional contract documentation. The basis for selection appears to be previous involvement in similar work and/or interest in operating as a 'community contractor'. There is a need for more formal selection procedures, given that some of the contracts are large and that SSNS now has a large turnover.

92. The processes used to select architects are similarly informal. The main criterion appears to be the willingness of the architect to accept and work within the philosophy and approach espoused by SSNS and its partners. There is nothing essentially wrong with this although there is perhaps a need to encourage more dialogue. In the longer term, as the CLIFF portfolio grows, there will probably be a need to move towards a more conventional approach to identifying and selecting professional consultants, including some form of competitive bidding. This does not have to be price-based and should give strong emphasis on the community-orientated ethos that is so central to the CLIFF approach.

5.7 Lump-sum vs 'measured' contracts

93. Currently, it seems the practice is that SSNS prefers to choose contractors with whom the Indian Alliance has previously worked. It describes contracts as 'turnkey' but a better description would be 'lump sum' contracts since turnkey suggests that the contractor is responsible for both planning and design and construction. There is need to clearly outline the construction specifications and construction milestones in the contract and link the payments accordingly.

5.8. Difficulties in recovering Government Subsidies

94. The Indian Alliance has faced difficulties from time to time drawing down subsidies from government institutions. In case of VAMBAY subsidies, the Indian Alliance was able to draw down subsidy funds in 2003 for the Hadapsar schemes in Pune, but faced major obstacles in 2004. In 2005, a lot of time was spent by the Indian Alliance in negotiating with, and pressing, both the Pune Municipal Corporation (PMC) and MHADA to unlock the subsidies, but delayed action caused slow progress, particularly as the Indian Alliance refuses to pay bribes.

5.9. Slow Financial Recoveries from TDRs

95. Most of the CLIFF financial recoveries are from the sale of TDR. Its appropriate projection and full realization is an integral and important task. This has not been achieved fully till date against what was estimated. The prime reasons for delays include bureaucracy, delays in receipts of TDR certificates for selling, delayed project completion, and weak project administration.

VI. Recommendations¹²

6.1. Involvement of more NGOs

96. Participation of more NGOs is advisable in CLIFF portfolio projects. This practice will be beneficial in number of ways. Among others, it will facilitate in leveraging funds from varied sources, provide a broad base among the community and help in organizing and strengthening the existing structure¹³. It may be useful for CLIFF to work with a larger number of NGOs in different cities, including some in smaller cities, to set up demonstration projects for community led infrastructure development.

6.3. Building Self-Dependence

97. Five years after resettlement in Milan Nagar, O&M charges (Rs.400 per month) are still being paid by SSNS. It is important for SSNS to design and put in place an exit strategy linked to livelihoods and enable families to generate the required resources for contributing to O&M costs, especially with growing scale. This will also ensure CLIFF funds are revolved back and made available to more households.

6.4. Community Contracting or Community Entrepreneurship?

98. Construction contracts are usually issued to formal contractors who have holding capacity. Sub contracts are issued by the big contractors to 'community contractors' (in reality 'community entrepreneurs', for small works such as plastering, painting, etc. who in turn, hire community members as labour. The sub-contractors, often women, develop construction skills on the job, and become entrepreneurs with small capital investments.

99. SSNS appears to be using a community entrepreneurship rather than a typical community contracting model where a CBO is contracted for task with joint ownership and responsibility. 'Community entrepreneurs' are said to have taken the help of family members to deliver contracts. SSNS's rationale for adopting the entrepreneurship model is that it is difficult to ensure that CBOs have the skills, experience, management ability and financial capacity to run contracts. It is possible that community entrepreneurship forms a pre-stage to community contracting. However as the number of projects in the SSNS portfolio grows, it is important to widen access, through ensuring that more smaller subcontracts are let.

6.5. Management Contracts: Commercially or Financially Viable

100. Management contracts for toilets are awarded to community leaders following an entrepreneurship business model rather than a community contracting model. Community toilets with user costs are commercially viable enterprises. It is therefore imperative that a community management and monitoring system be set up in these areas to ensure resources generated from the business be reinvested in the toilets or community development activities.

101. There was reluctance on the part of women leaders to take on construction contracts in Milan Nagar even though they seemed to be a highly empowered group and with some training could take on the construction work. Two factors were understood to be behind the reluctance; bad experience and money loss in an earlier task, and the selection process for contractors being seemingly arbitrary and by choice of SSNS management.

6.6. Demonstrating Technological Innovations & user-friendly lay-outs

102. The mandate of CLIFF clearly lays down that the innovation and demonstration of construction designs is an essential part of CLIFF funded projects. In addition, CLIFF projects can be used to influence the policy and practice of various relevant actors (such as banks, local

¹² Also refer Annex-4 and 5 on suggested models for scaling up CLIFF

¹³ CLIFF has contributed to the design of the Rajiv Avas Yojna (RAY-Affordable Housing for the Poor), under JNNURM, through the Director's membership in the National Technical Advisory Group. RAY brings with it big funds for the development of affordable housing for the poor, incremental housing through self-development, and housing developed by the local governments or through the PPP mode.

and national government, and international development agencies), in an attempt to achieve scale through the replication of such demonstrations.

103. Community interactions can generally produce ideas from the user community on design inputs. Even as SSNS seems to be contractually bound to build as per design, they need to push the technology envelope through their community interactions and remodel house designs at no little additional cost to meet the needs of families. For example, in the Oshiwara projects, no shelves or storage spaces have been provided in the building design; some of these can be added at relatively low cost. In Milan Nagar, the older site, families can be seen to have added several such features to their homes. Women in Milan Nagar mentioned several changes that they would like to introduce such as in the design of windows and window panes.

6.7. Developing Project Management and Procurement Guidelines

104. Adherence to quality standards necessitates following procurement guidelines. A well laid out procurement manual should be in place and further systems should be strengthened for ensuring the implementation of guidelines present therein.

6.8. Need for an External Project Management Consultant

105. It is recommended that Project Management be improved timely delivery of construction milestones and complying with the specifications. Given the high turn-over from the market component, it would not be difficult to get an external PMC with engineers, project managers and legal experts, whose payments may be linked to project milestones and recovery of subsidies. This will allow SPARC/Nirman to focus on community sensitization to participate in planning and design issues.

VII. Annexes

Annex 1: Profile of Selected Projects for Review

Name of the project	Location	Type of implementation	Category (Nirman's classification)	No. of buildings and type	No. of families/beneficiaries	Construction start date	Construction Progress to Date	Year of Completion at approval	Year of completion (as per last review)	Year of completion - latest forecast
Oshiwara II	Mumbai	SRA project contracted from MMRDA	Market based subsidy	18 Buildings (Ground + 7 stories)	2100 Project Affected families and 370 from the host (in situ) community	Oct-04	8 buildings due to be handed over in May-10	2 years	Mid 2010	2012
Pune Incremental	Pune	Subsidy – based under JNNURM	Subsidy based	(a)Ground, (b)Ground +1, and (c) Ground+3 (270 sq ft each tenement)	750 families	Apr-10	Started 20 units	18 mths		Sep-2011
Milan Nagar	Mumbai	SRA Project	Market Based	5 multi storey buildings	327 families	2001	1 building	Apr-June 2004	Mar. 2010	
MMR	Mumbai Metropolitan Region	Contracted toilets		Municipal contracted	367 toilet blocks = 6352 seats = 317600 users	Jan-08	367 blocks - 95% completed	Oct-2009	Jan. 2010	Jun-2010

Annex 2: Project-wise Expected Surplus/Deficit¹⁴

Name of project	Total Construction and Related Costs	Main Cost Recoveries				Expected Surplus
		Govt. Subsidies and Contract Payments	Sales	Community Contributions	Total	
Rajiv Indira-Suryodaya	£1,467,638	£0	£2,344,993	£0	£2,344,993	£877,356
Bharat Janata	£846,219	£0	£1,306,562	£0	£1,306,562	£460,344
Milan Nagar	£1,208,382	£0	£2,967,201	£20,438	£2,987,639	£1,779,257
Oshiwara (Phase 1)	£2,954,905	£0	£3,224,941	£0	£3,224,941	£270,037
Oshiwara (Phase 2)	£10,735,661	£0	£17,394,973	£0	£17,394,973	£6,659,312
Jollyboard	£423,817	£0	£1,273,938	£0	£1,273,938	£850,122
SRA Housing Projects	£17,636,621	£0	£28,512,610	£20,438	£28,533,047	£10,896,426
Solapur Bidi	£574,319	£56,250	£0	£0	£56,250	-£518,069
Sunnuduguddu	£146,176	£0	£91,534	£18,500	£110,034	-£36,142
Hadapsar (Phases 1 + 2)	£698,173	£445,625	£0	£193,125	£638,750	-£59,423
Pune incremental upgrading	£2,578,125	£2,578,125	£0	£0	£2,578,125	£0
Other Housing Projects	£3,996,792	£3,080,000	£91,534	£211,625	£3,383,159	-£613,634
MSDP (Phase 1)	£3,910,646	£3,357,204	£0	£0	£3,357,204	-£553,441
Pune Sanitation (Phase 4)	£150,760	£139,207	£0	£0	£139,207	-£11,553
Tiruppur Sanitation	£181,034	£181,477	£0	£0	£181,477	£443
Pimpri Sanitation	£87,417	£71,029	£0	£0	£71,029	-£16,388
MSDP (Phase 2)	£2,172,056	£2,315,140	£0	£0	£2,315,140	£143,085
Nirmal MMR Abhiyan	£8,504,964	£7,989,395	£0	£0	£7,989,395	-£515,569
Sanitation Projects	£15,006,876	£14,053,454	£0	£0	£14,053,454	-£953,423
Grand Total	£36,640,290	£17,133,454	£28,604,143	£232,063	£45,969,659	£9,329,369

Notes:

- The total expected surplus is estimated to be £ 9.33 mn, it reduced by £ 2.10 mn as the earlier estimation¹⁵ projected surplus to be £ 11.42 mn.
- All the SRA projects are financially viable, with Oshiwara (Phase 2) registering maximum expected surplus of £ 6.66 mn (71 percent of total). However, this has not yet been recovered.
- The other housing projects and sanitation projects are expected to realize deficit, except for MSDP (Phase 2) and meager surplus under Tiruppur Sanitation.

¹⁴ Same constituents used in calculation of surplus in CIER 2008

¹⁵ CLIFF – End of Project Evaluation, November 2008.

Annex 3: Estimation of Expected Surplus (On the basis of all components of Income and Expenditure)

Name	Expenditure				Income						Expected Surplus
	Total Construction and Related Costs	Interest	Bank service charges	Total	Govt. Subsidies and Contract Payments	Sales	Community Contributions	Grant funds	Interest	Total	
Rajiv Indira-Suryodaya	£1,467,638	£594,703	£0	£2,062,341	£0	£2,344,993	£0	£20,558	£0	£2,365,552	£303,211
Bharat Janata	£846,219	£369,443	£0	£1,215,662	£0	£1,306,562	£0	£10,003	£4,562	£1,321,128	£105,465
Milan Nagar	£1,208,382	£130,098	£0	£1,338,480	£0	£2,967,201	£20,438	£19,917	£0	£3,007,556	£1,669,076
Oshiwara (Phase 1)	£2,954,905	£201,479	£0	£3,156,384	£0	£3,224,941	£0	£5,692	£13,916	£3,244,549	£88,165
Oshiwara (Phase 2)	£10,735,661	£480,373	£0	£11,216,034	£0	£17,394,973	£0	£44,361	£0	£17,439,334	£6,223,300
Jollyboard	£423,817	£33,367	£0	£457,184	£0	£1,273,938	£0	£0	£0	£1,273,938	£816,754
SRA Housing Projects	£17,636,621	£1,809,464	£0	£19,446,085	£0	£28,512,610	£20,438	£100,532	£18,478	£28,652,057	£9,205,972
Solapur Bidi	£574,319	£0	£0	£574,319	£56,250	£0	£0	£1,875	£0	£58,125	-£516,194
Sunnuduguddu	£146,176	£0	£0	£146,176	£0	£91,534	£18,500	£0	£0	£110,034	-£36,142
Hadapsar (Phases 1 + 2)	£698,173	£0	£0	£698,173	£445,625	£0	£193,125	£17,397	£0	£656,147	-£42,025
Pune incremental upgrading	£2,578,125	£0	£0	£2,578,125	£2,578,125	£0	£0	£6,412	£0	£2,584,537	£6,412
Other Housing Projects	£3,996,792	£0	£0	£3,996,792	£3,080,000	£91,534	£211,625	£25,684	£0	£3,408,843	-£587,949
MSDP (Phase 1)	£3,910,646	£0	£39,705	£3,950,351	£3,357,204	£0	£0	£175,001	£14,800	£3,547,006	-£403,345
Pune Sanitation (Phase 4)	£150,760	£0	£0	£150,760	£139,207	£0	£0	£8,666	£0	£147,873	-£2,887
Tiruppur Sanitation	£181,034	£9,682	£0	£190,717	£181,477	£0	£0	£10,378	£73	£191,928	£1,211
Pimpri Sanitation	£87,417	£0	£0	£87,417	£71,029	£0	£0	£4,286	£0	£75,316	-£12,101
MSDP (Phase 2)	£2,172,056	£38,118	£10,077	£2,220,251	£2,315,140	£0	£0	£70,276	£0	£2,385,416	£165,166
Nirmal MMR Abhiyan	£8,504,964	£0	£0	£8,504,964	£7,989,395	£0	£0	£129,902	£0	£8,119,297	-£385,666
Sanitation Projects	£15,006,876	£47,800	£49,782	£15,104,459	£14,053,454	£0	£0	£398,510	£14,873	£14,466,836	-£637,623
Grand Total	£36,640,290	£1,857,264	£49,782	£38,547,336	£17,133,454	£28,604,143	£232,063	£524,726	£33,350	£46,527,736	£7,980,399

Note:

- Expected surplus on the basis of all indicators of income and expenditure amounts to £ 7.89 mn.
- The share of Oshiwara II in expected surplus is huge 78 percent, However its recovery is a major issue.

